

25X1

1 October 1963

## THE SITUATION IN SOUTH VIETNAM

(Information as of 1000 EDT)

25X1

2. South Vietnamese Vice President Tho, in a one-hour talk with Secretary McNamara, General Taylor, and Ambassador Lodge, complained that US strength in South Vietnam is not being used "intelligently," but declined to make any recommendations. (Tho, a Buddhist and a southerner in contrast to regime leaders, has little part or weight in the government, and has long criticized its policies.) He explained his complaint by the comment that the US has been unable to do anything about the deep discontent over the regime's police methods. Tho said diplomatic protests and suspension of aid would be ineffective, and remarked that instigation of a coup, or introduction of additional US troops, would be "idiotic."

Tho said dissatisfaction is widespread not only in the cities but in the villages, because the peasant is subjected to extortion and excessive forced labor inside his hamlet, and to Viet Cong taxation in his fields. Tho said that no more than 20 to 30 hamlets are properly defended, and supported his opinion that the peasants side with the Viet Cong by stating that Viet Cong strength has remained constant for two years despite about 1,000 casualties a month. (Official figures claim about twice that many Viet Cong killed in action over this period.)

3. President Diem's dinner for the McNamara-Taylor mission Sunday night has yielded no significant new intelligence reporting. He told Ambassador Lodge at the conclusion of the Sunday afternoon conference that the newly elected National Assembly will convene on 7 October.

Diem did not indicate whether he would make an opening address. In a speech on the anni-versary of Confucius' birth Saturday, he called for national unity to create democracy and promote development in the interest of "the entire nation, not the selfish interests of any group or minority."

4. Prince Sihanouk of Cambodia used an impromptu meeting with diplomats at a police academy graduation ceremony on 28 September to refute rumors that he is plotting with South Vietnamese exiles or with Hanoi against the Diem regime. The US Embassy in Phnom Penh is inclined to accept his denials. Sihanouk said Diem must be removed if South Vietnam is to defeat the Communists, but that the change in regimes must come from within South Vietnam. The embassy notes that the implication that a new regime might defeat the Viet Cong with continued US aid is a switch from Sihanouk's earlier pessimism.

25X1

Approved For Release 20 40 Ps : **SEGRE** 0429A001400070001-4